

REVIEW OF THE ALLIANT
GOVERNMENTWIDE ACQUISITION CONTRACT
REPORT NUMBER A100190/Q/A/P11003

March 30, 2011



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: March 30, 2011

Reply to
Attn of: Audit Manager, Acquisition Programs Audit Office (JA-A)

Subject: Review of the Alliant Governmentwide Acquisition Contract
Report Number A100190/Q/A/P11003

To: Steven J. Kempf, Commissioner, Federal Acquisition Service (Q)

Purpose

The objective of this review was to determine if the Alliant program office's operating procedures provide reasonable assurance that the Alliant Governmentwide Acquisition Contract (GWAC)¹ is properly administered.

Results of Review

The Alliant program office should modify its operating procedures to improve contract administration of the Alliant GWAC. Specifically, additional controls are needed to provide assurance that contractors are properly remitting all Contract Access Fee (CAF)² payments. The Alliant program office should also implement a process for obtaining past performance data for individual task orders to facilitate oversight of contractors' performance. In addition, Delegation of Procurement Authority (DPA) training should be more comprehensive. By modifying and strengthening current operating procedures, the Alliant program office can better administer the Alliant GWAC.

Strengthen Controls Over Contract Access Fee Payment Reconciliation Process

Current Alliant program office operating procedures do not provide reasonable assurance that contractors are properly remitting CAF payments³, which could result in a potential loss of program revenue. We found that CAF payments reconciled without review and without supporting invoice data; and were not always accurate. Moreover, contractors are responsible for reporting both invoice and CAF payment data, which does not allow for an adequate separation of duties. Given these issues, the Alliant

¹ See Appendix A for background, scope, and methodology information.

² The fee GSA charges client agencies for reimbursement of the Alliant program's operating costs.

³ Per the Alliant contract, the CAF payment amount must equal 0.75 percent of all invoices paid during a calendar year quarter. The fee is collected by contractors and remitted to GSA quarterly.



program office cannot verify accurate CAF payments, and therefore, should strengthen controls over the CAF payment reconciliation process.

The Alliant contract requires contractors to report remitted CAF payments in the GWAC Management Module (GMM). Once a CAF payment is reported in the GMM, it is reconciled within the system to the contractor's payment posted to GSA's general ledger. If these amounts are equal, the CAF payment automatically reconciles without verification that it is equal to the required 0.75 percent of the paid invoices.

To test the reliability of the automatic reconciliation process, we attempted to reconcile all 2010 third-quarter CAF payments to the corresponding invoice(s) in the GMM. However, we were unable to determine if the CAF payments were equal to 0.75 percent of all paid third-quarter invoices. We found that CAF payments are not linked to specific invoices. Currently, contractors have the ability to remit a single CAF payment for multiple task orders under different GWAC contract vehicles. Additionally, we found instances in which CAF payments reconciled without invoice data being reported. This overall lack of GMM functionality makes it difficult to confirm CAF payment accuracy.

In addition to the automatic reconciliation process, the Alliant program office performs a quarterly manual review of reports generated from the GMM to ensure contractors have reported CAF payments. Ideally, the reports would highlight task orders without a reported CAF payment. However, the reports only show the CAF payments that were reported. This requires the program office to manually identify which task orders do not have a reported CAF payment. The GMM also has the capability of calculating the exact CAF payment for each task order and producing a payment accuracy report that could be used by the Alliant program office. However, issues with GMM functionality inhibit the potential usefulness of this report. By having access to better data and more useful reports, the program office could efficiently and effectively confirm CAF payment accuracy.

We also identified inadequacies in the process for obtaining task order invoice and CAF payment data. Per the Alliant contract, contractors are responsible for reporting all invoice and CAF payment data into the GMM. The lack of separation of duties does not provide assurance that CAF payments are based on accurate invoice data. Accordingly, there is a risk of the contractor under-reporting invoice data, resulting in an erroneously lower CAF payment. Given that contractors report all data fields, there is a lack of controls to validate data relied upon for reconciliation. This issue exists across the entire GWAC program; therefore, this process should be modified for all GWACs.

Implement Task Order Past Performance Review Process

The Alliant program office is not performing required annual past performance reviews of individual contractor performance. Consequently, the Alliant program office does not have the necessary data to make contract extension decisions, provide performance data to ordering contracting officers (OCOs), or determine if contractors are adhering to Alliant GWAC terms and conditions. Implementing a process to collect annual past

performance information for all task orders will facilitate the Alliant program office's oversight of contractor performance.

Under its Office of Management and Budget (OMB) executive agent designation, GSA is required to record contractor performance information on individual task orders and make it available to source selection officials, such as OCOs. According to GSA's quality assurance plan (QAP),⁴ the GWAC program office conducts annual past performance reviews of task orders through questionnaires to client agencies. In addition, the Alliant program office developed a standard operating procedure stating contractor performance will be tracked annually and entered into the Contractor Performance System.⁵

Nevertheless, the Alliant program office informed us that they are not currently performing any of these past performance procedures. Instead, the Alliant program office intends to obtain past performance information at the end of the contract base period in April 2014. Annual task order assessments would provide essential feedback on contractor performance to both the client agencies and the program office. The information is especially important to client agencies for source selection purposes given that it provides OCO's with past performance data when awarding similar task orders. In addition, the program office would have information readily available to assist in making decisions during the contract and in lessening administrative burdens at the time of contract extension.

Update Delegation of Procurement Authority Training

The Alliant program office's DPA training does not provide sufficient detail on all DPA terms and conditions. As a result, the OCOs may be unaware of all their responsibilities when using the Alliant contract. By addressing all DPA terms and conditions in the training, the program office can better assist OCOs in awarding and administering quality task orders.

The DPA outlines the OCO's roles and responsibilities for using the Alliant GWAC (see Appendix B). The OCO is responsible for adhering to 14 terms and conditions, including, (1) ensuring fair opportunity, (2) monitoring and evaluating contractor performance, and (3) administrative reporting in the GMM. OCOs are required to obtain a DPA prior to issuing a task order against Alliant. In order to obtain a DPA, OCOs must be warranted and attend DPA training. The Alliant program office provides DPA training to OCOs via several channels, including online, onsite, teleconferences and webinars.

We determined that no one method comprehensively addresses all DPA terms and conditions.⁶ For example, none of the training methods adequately addressed the

⁴ OMB required GSA to submit a QAP describing how its management infrastructure facilitates cost-effective and responsible contracting under its GWACs.

⁵ The Contractor Performance System is the National Institute of Health's past performance input system, which feeds into a governmentwide database for contractor performance assessments.

⁶ We attended a webinar session, completed online training, and analyzed training materials provided for teleconference and onsite training.

OCO's administrative reporting responsibility, specifically how to enter the data into the GMM. Including additional material in the training methods related to data entry and administrative reporting could enhance the integrity of the GMM data. While each training method generally covers the DPA terms and conditions, the program office should provide additional detail to ensure OCOs are informed of the full responsibilities of using the Alliant GWAC.

Recommendations

We recommend that the Commissioner of the Federal Acquisition Service:

1. Strengthen controls over the CAF payment reporting and reconciliation processes and improve the functionality of the GWAC Management Module.
2. Implement an operating procedure for acquiring annual past performance data for each contractor.
3. Ensure DPA training thoroughly addresses all DPA terms and conditions.

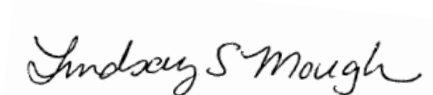
Management Comments

The Commissioner of the Federal Acquisition Service concurs with the report findings. Management's written comments to the draft report are included in their entirety as Appendix C.

Internal Controls

This review was limited in scope to the review of the Alliant program office's operating procedures. Thus, our evaluation of internal controls was limited to items discussed in the Results of Review and Recommendation sections.

We wish to thank you and your staff for the courtesies extended to us during this review. Should you or your staff have any questions concerning this review, please contact me at (703) 603-0269.



Lindsay S. Mough
Audit Manager
Acquisition Programs Audit Office

APPENDIXES

REVIEW OF THE ALLIANT
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Appendix A

Background

The Office of Management and Budget (OMB) designated the U.S. General Services Administration (GSA) as an executive agent for the governmentwide acquisition of information technology (IT). GSA's Federal Acquisition Service (FAS) offers technology services and solutions to client agencies through the use of Governmentwide Acquisition Contracts (GWACs). In May 2009, FAS awarded the Alliant GWAC under its OMB executive agent designation. The Alliant GWAC is designed to provide innovative worldwide IT solutions to federal agencies. Alliant was awarded to 59 contractors and has a potential term of 10 years (one 5-year base period and one 5-year option period) with a ceiling cost of \$50 billion. At the time of our review, 98 task orders had been awarded with an estimated value of \$4.3 billion.

The Alliant program office is responsible for administering the Alliant GWAC, which includes, but is not limited to: (1) ensuring compliance with contract reporting requirements, (2) monitoring contractor past performance, (3) exercising contract option renewals, and (4) providing Alliant user training. The award and administration of individual task orders issued under the Alliant GWAC is the responsibility of the ordering contracting officer (OCO). The Alliant program office provides this responsibility to OCOs through a Delegation of Procurement Authority (DPA). The Alliant program office also charges a Contract Access Fee (CAF) to client agencies to cover operating costs.

Scope and Methodology

To accomplish our objective, we reviewed the Alliant contract, the Alliant ordering guide, and applicable OMB guidelines; as well as interviewed Alliant program office personnel. We also analyzed the GWAC Management Module, which is used by the program office for the collection of task order data. In addition, we evaluated the Alliant program office's standard operating procedures, specifically for the CAF payment reconciliation and collection of past performance data processes. We also attended the Alliant program office's DPA training.

We conducted the review between July 2010 and January 2011, in accordance with the generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective.

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Appendix B

Example of a Delegation of Procurement Authority

[Date]

MEMORANDUM FOR: [Name]
Ordering Contracting Officer (OCO)
[Agency]
[Phone] [Email]

FROM: [Name]
GSA Contracting Officer (CO)
[Phone] [Fax]
[Email]

SUBJECT: Delegation of Procurement Authority (DPA) for OCO to Compete, Award and Administer
Task Orders (a/k/a "Orders")

Congratulations on completing DPA training. You are hereby issued a DPA as an OCO to compete, award and administer solutions-based Task Orders against the following Government-Wide Acquisition Contract (GWAC):

[Contract Family]

The purpose of this DPA is to ensure that the roles and responsibilities between the GWAC CO and the OCO are clearly established, and to comply with the Office of Management and Budget's (OMB) Executive Agent designation to GSA authorizing it to compete, award and administer GWACs per the Clinger-Cohen Act of 1996. The Executive Agent designation stipulates certain training, oversight and reporting requirements for which GSA is responsible in order to ensure proper use of its GWACs while promoting public policy objectives. The authority granted to you under this DPA is limited to the named GWAC and those Task Orders awarded by you or another OCO possessing a valid DPA in your current warranting organization. The DPA authority does not extend to the GWAC Basic Contract or Task Orders awarded by other OCOs outside your current warranting organization. You will act as the central point of contact under each Task Order and are responsible for coordinating with the awarded Contractor, the Client (the funding organization/receiver of goods or services) and GSA. This applies (regardless of whether your contracting organization is acting as the Servicing Agency on behalf of a Client outside your agency or if you are the Requesting Agency for your own organization's requirement. This DPA is subject to the following terms and conditions:

1. **Compliance** – You are expected to comply with the GWAC's terms and conditions, the GWAC's ordering guide, the Federal Acquisition Regulation (FAR) or authorized agency supplement or exception thereto, applicable agency-specific statutes and policies, and the additional responsibilities defined in this DPA.
2. **Duration** – This DPA is effective until the expiration of the respective GWAC contract or completion and closeout of the resultant Task Orders, whichever is later. You are also required to maintain a valid warrant authority. Notwithstanding the preceding, this DPA is as portable as your warrant. That is, if you change organizations and your warrant is still valid, the DPA is portable/you still maintain your DPA. However, if you change organizations and your warrant is no longer valid, this DPA is automatically revoked. In the event that you are re-warranted in a new federal organization (DoD or Civilian), a new DPA request will be expedited. The DPA cannot be redelegated.

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3. **Revocation** – GSA may revoke this DPA at any time for failure to comply with treaty, law, regulation, ethical standards and applicable federal acquisition policies and procedures. GSA will be cognizant of the need to ensure Task Order continuity if such actions are initiated.
- > **Scope Compliance** – Ensure that Task Order work is within the GWAC’s scope. The GWAC program team is available to assist with this determination at any time upon request. You may request a review of your requirements (e.g. Statement of Work/ Statement of Objectives) prior to Task Order solicitation/modification from the GWAC CO(s).
- > **Fair Opportunity** – Ensure that all contractors are provided a fair opportunity to be considered in accordance with FAR 16.505, or authorized agency supplements or exceptions thereto, prior to Task Order award. Any exceptions to fair opportunity to be considered (“fair opportunity exceptions”) must be consistent with FAR 16.505 or authorized agency supplements or exceptions thereto or as otherwise required or allowed by statute. If a fair opportunity exception is taken, the OCO should reasonably document the basis for the exception.
- > **Funding** – Verify that funding is available. Comply with appropriations law and financial policy. Ensure timely obligation of funds, and de-obligation and disposition of excess funds.
- > **COR/COTR** – If a Contracting Officer’s Representative (COR) and/or Contracting Officer’s Technical Representative (COTR), is assigned to perform order monitoring functions, you must ensure that the extent of their authority and responsibilities is clearly defined and agreed upon. It is a best practice to complete COR and/or COTR designations in writing and presents them to the Contractor in order to establish clear roles and responsibilities during Task Order administration. Ensure that any COR or COTR you designate is properly equipped, trained and qualified to handle those responsibilities pursuant to your agency policy.
- > **Task Order Protests, Disputes and Claims** –Receive and respond to Task Order protests, disputes and claims. The warranting agency is responsible for the OCO’s decisions and actions as a warranted contracting officer.
- > **Monitor and Evaluate Contractor Performance** – Assure timely performance of Task Orders and support compliance with the terms and conditions of the order and the contract. Take appropriate action to maintain the Government’s rights. OCOs should conduct contractor performance evaluations IAW FAR 42.15 and applicable agency policies. Interim performance evaluations are encouraged for each Task Order. OCOs may use their organization’s designated contractor performance reporting application, and are encouraged to email a copy of what they enter into their agency’s designated past performance repository to **[Email]** or fax to **[Fax]** as a **courtesy notice that a past performance evaluation has been recorded.**
- > **Cost or Price Analysis and Audits** –Perform and document cost analysis and/or price analysis (FAR 15.4) as appropriate in determining the overall Task Order price to be fair and reasonable, as well as respond to any related audits.
- > **Prompt Payment** – Ensure prompt payment of contractor invoices and prompt rejection of nonconforming invoices.
- > **Task Order Closeout** – Perform Task Order closeout IAW FAR 4.804-5 and provide the GWAC Contracting Officer with a Task Order closeout completion statement.
- > **Requests for Information** – Respond to any requests for information pertaining to Task Orders awarded or administered by you including but - not limited to, Freedom of Information Act requests, and inquiries/audits by: Congress, Inspectors General, the Small Business Administration, the General Accountability Office and the GSA.

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- > **Administrative Reporting** – Upon award, OCOs are responsible for entering task order information into the Federal Procurement Data System – Next Generation (FPDS-NG).

OCO's will also be prompted by a GWAC Management Module (GMM) generated e-mail to provide Task Order data. Information may either be input directly into the GMM system or may be provided via e-mail to the GWAC program for entry into the GMM. The Task Order information required has been included as Attachment A and will be posted on respective GWAC websites for use by OCOs who wish to use the e-mail option of providing the Task Order information.

Additionally, OCOs are to provide a complete copy of the order, e.g., the signature page, the work statement and the line items (equivalent to Sections A-J of the Uniform Contract Format, or equivalent if a commercial services Task Order) to the respective GWAC's e-mail address or fax upon order award.

I hereby accept this DPA and confirm that I have completed the requisite GWAC training and will maintain a valid warrant authority and security clearance to execute these OCO responsibilities for the following GWAC:

[Contract Family]

Signature:

Date:

[Name]

Ordering Contracting Officer

[Agency]

[Phone]

[Email]

Signature:

Date:

[Name]

GSA Procuring Contracting Officer

[Phone]

[Fax]

[Email]

For more information about the GWAC(s) addressed in this DPA, please visit our website at www.gsa.gov/gwacs. There you will find a link to the specific GWAC's website which contains a copy of the Basic Contract along with other useful information, including various points of contact.

Thank you for your interest in GSA's GWAC Program. We are committed to delivering acquisition vehicles that provide our customers with convenient access to the best qualified contractors in the Information Technology services and services-based solutions marketplace. If you have any questions regarding this DPA, the respective GWAC, or our program in general, please feel free to contact me at any time.

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Attachment A – OCO Reportable Task Order Information We're working to reduce the burden of administrative reporting to you. Many of our administrative reporting requirements will be supported by our Contractors. The information that they provide is needed as part of the Task Order procurement process. However, there is additional supporting data that may not necessarily be available to our Contractors that we still need to fulfill our Executive Agent responsibilities. This is where we need your continued support. We've minimized this requirement to the following:

Name	Type	Description
1. Receiving/Funding Agency	Select	The agency funding the requirement(s). If there is more than one agency, identify the name of the agency coordinating the funding for the participating agencies.
2. Place of Performance	Various	Indicate the city, state, and/or country where work is being performed. In cases where there are multiple places of performance, indicate the location where the predominance of the work is being performed.
3. Total Estimated Value	Number	The total life-cycle potential value of the Task Order including option periods.
4. Awarded using Assisted Services?	Y/N	Answer "Yes" if the Funding Agency utilized external contracting support to compete and/or award the Task Order
5. GSA Client Support Center	Select	If the Task Order was awarded using GSA Assisted Services, then indicate the client support center (e.g. Region) that supported the effort.
6. Performance Based	Y/N	Answer "Yes" if performance based contracting was used IAW FAR 37.6.
7. Fair Opportunity Conducted?	Y/N	Answer "Yes" if all appropriate contractors were provided a fair opportunity to be considered per FAR 16.505.
8. Number of Bids/Quotes/Offers	Number	If fair opportunity was conducted, indicate the number of Bids/Quotes/Offers received. This does not include "no bid" responses.
9. Exception Taken	Select	If a fair opportunity to be considered was not provided per FAR 16.505, indicate the applicable exception from FAR 16.505(b) (2) or select "statute" if a statute specifically authorized or permitted the exception.
10. Complete Order	Attachment	A copy of the complete order, including award form, work statement and agreed to cost or pricing, including option periods. You may also include any additional supporting documentation for the Task Order.

This information will be collected electronically in the same system you used to request this DPA. When a Contractor reports a new Task Order, the system will notify you of this event and request that you provide the supporting detail listed above. You will be prompted to input the data directly into the GMM or to provide it via e-mail to the respective GWAC e-mail address. This also gives you an opportunity to identify discrepancies in the information provided by the Contractors to help make sure our records are accurate. As the Task Order evolves through modification, the system will continue to notify you of updates made by our Contractors in case there are portions of that may need to be updated by you as well. Please notify the GWAC CO if you need assistance in completing these recordkeeping requirements.

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Appendix C


Management Comments



GSA Federal Acquisition Service

March 22, 2011

MEMORANDUM FOR KENNETH L. CROMPTON
DEPUTY ASSISTANT INSPECTOR GENERAL
FOR ACQUISITION AUDITS (JA-A)

FROM: STEVEN J. KEMPF 
COMMISSIONER
FEDERAL ACQUISITION SERVICE (Q)

SUBJECT: GSA Draft Report, "Review of the Alliant Governmentwide
Acquisition Contract" (A100190)

We have reviewed the subject draft report and appreciate the opportunity to comment. We agree with the findings and, as applicable, time-phased action plans are being developed to implement the report recommendations.

Please call me at (703) 605-5400 if you have any questions. Your staff may contact Wayne Williams at (703) 605-2177 or Wayne.Williams@gsa.gov.

Enclosure

cc: Lindsay Mough (JA-A)

U.S. General Services Administration
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Arlington, VA 20406-0003
www.gsa.gov

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Appendix D

Report Distribution

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